



**July 26, 2013**

**To: Rockville Civic, Neighborhood, and Community Organizations**

**Re: Community Development Block Grant (CDBG) Fiscal Year 2015 / Program Year 40  
(Approximate Grant Start Date in Fall 2014)**

The City of Rockville is inviting proposals for CDBG funds for FY 2015. Applications are available at the Department of Community Planning and Development Services. Written CDBG proposals should be submitted to the Department of Community Planning and Development Services no later than **5:00 P.M. on Friday, August 30, 2013**. They should be addressed to:

City of Rockville  
Department of Community Planning and Development Services  
Attention: CDBG Application  
111 Maryland Avenue  
Rockville, Maryland 20850

The Community Development Block Grant Program is a federal grant for housing and community development projects that must benefit low and moderate-income persons. For a number of years the City of Rockville has received CDBG funds through an agreement with Montgomery County.

Rockville is preliminarily projected to receive about \$230,000 in CDBG funding for FY 2015. Federal CDBG funds have been cut by about 30 percent over the past few years and additional cuts are possible. The funding awarded for FY 2015 will be reduced in proportion to any additional cuts the County receives.

Recently, CDBG funds have been used to rehabilitate different types of housing and provide social services to low and moderate-income community residents. Funds are available to finance new projects as well as to support ongoing programs. The proposals will be reviewed and prioritized by City staff and forwarded, with recommendations, to the Mayor and Council for review and approval.

Attached is a fact sheet that provides a general overview of CDBG.

**In FY 2015/Year 40 the City of Rockville has prioritized CDBG funding for capital and physical investments. As a result, public services (i.e., social services) activities will not be funded through CDBG. This means that labor, supplies, or other operating costs for a variety of social services programs are not eligible for funding.** Public services include, but are not limited to, those programs concerned with employment, crime prevention, childcare, health services, drug abuse programs, fair housing counseling, education, energy conservation, services for seniors, services for homeless persons, welfare services, or recreational services. Any other CDBG-eligible activity outlined on page 3 of the fact sheet is an eligible activity.

For further information, contact Erin Wilson at the Department of Community Planning and Development Services at 240-314-8203 or [ewilson@rockvillemd.gov](mailto:ewilson@rockvillemd.gov).

# **GENERAL BACKGROUND ON THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

All CDBG projects must (1) benefit low and moderate-income people and (2) prevent or eliminate slums and blight. The federal government has three national objectives under which a project activity must be classified.

## **First National Objective – To Benefit Low and Moderate Income People**

For an activity to meet the first national objective, or to benefit low and moderate income people, it must meet income eligibility requirements that limit the benefits of the project to low and moderate income persons or the project must be located in an area that is predominately inhabited by residents who are persons of low and moderate income.

### **HUD INCOME LIMITS Effective December 2012**

<b>Family Size</b>	<b>Low</b>	<b>Moderate</b>
1	\$37,600	\$46,750
2	\$42,950	\$53,400
3	\$48,300	\$60,100
4	\$53,650	\$66,750
5	\$57,950	\$72,100
6	\$62,250	\$77,450
7	\$66,550	\$82,800
8	\$70,850	\$88,150

## **Second National Objective – The Removal of Blight**

For an activity to meet the second national objective, the removal of blight, it must be designed to address the conditions causing the slums and blight. Generally, the City determines areas of slums or blight, although activities designed to remove a specific blighting condition can be considered. Historic preservation activities can also be funded under this objective.

## **Third National Objective – Meet an Urgent Community Need**

The third national objective is to meet an urgent community need. In order to meet that objective, it must be demonstrated that the project will address an immediate threat to the health or welfare of the community such as a natural disaster. The third national objective addresses a very narrow range of activities and is rarely used.

Activities that do not meet one of the national objectives cannot be undertaken with CDBG funds.

**According to Federal guidelines, CDBG funds can be used for the following:**

- To buy property for public uses (recreation, public facilities, historic preservation, neighborhood conservation).
- To build public facilities (roads, curbs, sidewalks, parks, neighborhood facilities, sewerage collection systems, water distribution systems, flood and drainage systems).
- To demolish or to rehabilitate blighted buildings.
- To provide public services. \*
- To remove architectural barriers for the handicapped and elderly (widen doors, install wheelchair ramps).
- To provide loans and grants to rehabilitate houses and apartments.
- To provide programs to preserve and restore public or private historic properties.
- To implement economic development activities (energy conservation programs, commercial revitalization).
- To pay for planning and administrative costs (studies, staff salaries).

\* Although public services (i.e., social services) are an allowable CDBG funding activity under Federal guidelines, the City of Rockville will not be funding public services activities in the FY15 / Year 40 funding cycle.

**According to Federal guidelines, CDBG funds cannot be used for the following:**

- To build facilities for the general conduct of government business.
- To purchase equipment.
- To purchase construction equipment.
- To purchase equipment, fixtures, motor vehicles, furnishings or other items that are not an integral structural fixture.
- To incur any expense associated with repairing, operating, or maintaining public facilities and services (i.e. maintenance of streets, parks, water and sewer facilities, senior centers, centers for the handicapped, parking, etc.).
- To construct new permanent residential housing except when carried out by certain agencies.
- To make income payments for housing (i.e. payments for housing maintenance, housing allowances). Mortgage subsidies are not allowed except when funded through a nonprofit organization as second trusts.
- To pay for the salaries of trainees in training programs unless the work performed in that training program serves an eligible public purpose.
- To fund active churches or church-affiliated organizations, unless a clear separation of purpose, mission and organizational relationship can be established between an active church and any ancillary buildings it may own or affiliated organizations it may set up.